

SEDONA AIRPORT

MASTER PLAN
(1997-2017)

FINANCIAL & DEVELOPMENT PROGRAM

Chapter 8

FINANCIAL AND DEVELOPMENT PROGRAM

8.1 INTRODUCTION

Earlier master plan chapters identified facility improvements necessary to maintain the Sedona Airport at minimum standards and meet future aviation demand. This chapter prioritizes those improvements, estimates costs associated with the improvements, and identifies possible funding sources to finance them. In addition, a cash flow analysis is presented to identify the airport's projected revenues, expenses, and net cash flow, as well as determine the airport's ability to fund its share of the improvements. The primary goal of this chapter is to provide the Sedona Airport with a financial tool to implement the specific recommendations of this Master Plan Update.

8.2 CAPITAL IMPROVEMENT PROGRAM

The Sedona Airport Capital Improvement Program (CIP) identifies several projects for the 20-year planning period. These projects are prioritized by development phases. Development phasing is based on the need to maintain minimum airport standards, satisfy projected aviation demand, and programmatically finance the development. The following three phases are used for this plan.

Phase I	Short Range	1997-2002
Phase II	Mid Range	2003-2007
Phase III	Long Range	2008-2017

The following sections break the CIP down into these three phases with associated project costs. Project cost estimates produced for the CIP are based on recent, comparable engineers' estimates. All amounts are expressed in constant (1998) dollars and include an eight percent (8%) adjustment for engineering. All estimates are sufficiently accurate for master plan purposes; however, additional engineering and architectural analyses should be performed, as necessary, to refine these estimates before budgetary commitments are finalized. Grouping projects may yield lower total costs.

8.2.1 Short Range Capital Improvement Projects (Phase I)

Short Range planning for capital improvements covers the period from the base year of 1997 through 2002 as provided in **Table 8-1**. Short Range improvements are high priority items that have been identified through the Master Plan Process. The projects that make up short-range should be used to update the Sedona Airport's five-year FAA Capital Improvement Plan. As shown in Table 8-1, Phase I development totals approximately \$ 2.1 million.

Phase I (1997- 2002) Capital Improvements Projects

Table 8-1

Phase Year	Project Description	Cost Estimate
Phase I		
1999	Land Acquisition	(see note 1)
1999	Parallel Taxiway A Relocation/Reconstruction	(see note 2)
2000	Construct Apron A Expansion (200' x 250')	450,000
2000	Seal Coat and Remark Tie-Downs on Apron A (20,822 SY)	50,000
2000	Roadway Circulation Design	20,000
2001	Runway resurface to 30,000 lbs. SWL X 4" (5,130' X 75')	570,000
2001	Non-precision approach markings	30,000
2001	Construct, Grade, Drain, Pave Auto Parking – Phase I (previously designed @ 52 spaces)	80,000
2002	Roadway Circulation - entrance widening (750 LF)	37,500
2002	Roadway Circulation Phase I (2-lane from Terminal to west)	370,000
2002	Construct Taxilane Expansion Phase I, B1-B3 (25,020 SF total)	120,000
2002	Construct 13 Hangars (17,750 SF)	325,000
Total		\$2,052,500

Notes: 1) As outlined in Chapter 4, Facility Requirements, Section 4.3.5, a discrepancy in the airport property boundary is currently being resolved by Yavapai County.
 2) Funds for this project totaling approximately \$1.2 million have already been committed.

Airside Improvements

Parallel Taxiway A relocation and reconstruction is currently underway. This project was funded as part of a previous CIP. The new taxiway will provide adequate B-II separation (see Chapter 4) between the runway and taxiway and accommodate heavier aircraft.

To compensate for some of the apron area lost to the taxiway relocation project, Apron A is scheduled for expansion, seal coating and tiedown remarking.

One of the highest priority improvements in the Short Range CIP is the runway resurface project to accommodate aircraft up to 30,000 lbs. Single Wheel Loading (SWL) with four inches of asphalt. Repainting and non-precision approach markings should be completed concurrently.

The first phase of the three-phase taxilane expansion and hangar development project is proposed in the short range to accommodate increased based aircraft demand. A total of 13 additional hangars of the 43 total will be constructed.

As part of this CIP, a Pavement Management Program has been prepared for Sedona Airport Administration. Please refer to Appendix A for more detail. Subject to ongoing pavement condition monitoring, other maintenance projects may be added.

Landside Improvements

Landside improvements in the first phase include airport access, circulation, auto parking (52 of the total 82 spaces needed through 2017), and land acquisition for existing and future facilities up to 11.2 acres. As discussed in the Inventory and Facility Requirements Chapters, there is a property boundary discrepancy of approximately 11.2 acres, which appears to be owned by the Forest Service rather than Yavapai County. Yavapai County is currently working with the Forest Service to resolve the issue.

8.2.2 Mid Range Capital Improvement Projects (Phase II)

Mid Range capital improvement projects for the Sedona Airport cover the period 2003 through 2007, as reflected in Table 8-2. These improvements are intended to upgrade airport security and public accommodations.

To accommodate safety and increase capacity, an additional 100,000-gallon water tank (located next to existing water tank) and sufficient pumping capacity to bring water from the valley floor will be constructed. Chapter 4 of the Master Plan identified the limitations of individual septic and wastewater treatment to meet expansion. Construction of an airport sewer processing plant and its attendant infrastructure resolves this limitation. An airport master plan update is also programmed to update this 1999 Study.

Based on forecast based aircraft, the Mid Range CIP identifies a project to construct the second phase of the hangar development project consisting of 7 additional hangars (8,750 SF). To support these hangars, the expansion of taxilane B4 is programmed concurrently. The remaining 30 auto parking spaces of the 82 total additional spaces needed in the planning period are also programmed. Phase II costs total \$1.4 million.

Phase II (2003 – 2007) Capital Improvements Projects

Table 8-2

Phase Year	Project Description	Cost Estimates
Phase II		
2003	Water Storage Expansion – additional 100,000 gallon tank	400,000
2003	Airport Sewer Treatment Plant	150,000
2003	Construct Taxilane Expansion Phase II -B4 (8,657 SF total)	41,100
2004	Construct 7 hangars (8,750 SF)	160,300
2005	Roadway Circulation Phase II (2-lane to Hangar Areas)	265,000
2005	Design/Construct/Grade/Drain/Pave auto parking (30 spaces) - Phase II Terminal Area	56,000
2005	Master Plan Update	130,000
2006	Additional Fencing Phase I (taxilane entries, 7 gates – hangar areas)	20,000
2006	Fencing Phase II (2,500 LF) – Term. Area	27,500
2007	Grade/Drain/Pave Auto parking (20,450 SF) – Phase III Hangar Area (by Masonic Lodge)	95,000
Total		\$1,344,900

8.2.3 Long Range Improvements (Phase III)

The Long Range CIP covers the period 2008 through 2017, as provided in **Table 8-3**, preparing the Sedona Airport for the long-term forecast of aviation demand and achieving ultimate development. Because of the limited airport property, no additional airside development is planned. The relocation of the parallel taxiway in 1998-99, and runway improvements during Phase I complete the major airside project requirements. Those future development projects that are targeted for Phase III include hangar development and additional taxilanes to serve the hangar area. This phase also includes the expansion of terminal facilities and equipment purchases and replacements.

Like Mid Range, the majority of the items listed in Long Range CIP are intended to maintain the serviceability of the airport's facilities and equipment. The distant timing of these items is dependent upon demand and economic conditions. Traditionally, Airport Master Plans have been updated in five and ten-year cycles to validate demand and reevaluate infrastructure requirements in light of changing technologies. An airport master plan update for Sedona is reflected in 2010 to update the master plan study proposed in Phase II, 2005. Phase II totals approximately \$1.2 million.

Phase III (2008-2017) Capital Improvement Projects

Table 8-3

Phase Year	Project Description	Cost Estimates
Phase III		
2008	Construct Taxilane Expansion Phase III, B5-B6 (26,123 SF total)	123,900
2009	Construct Hangars Phase III – 23 hangars (31,000 SF)	567,300
2009	Fencing Phase III – Helicopter/FBO Area (780 LF)	8,600
2009	Construct wash rack and oil disposal	25,000
2010	Terminal Expansion (3,850 SF)	300,000
2010	Master Plan Update	130,000
2011	Purchase and Upgrade Airport Maintenance Equipment (sweeper and mower)	12,500
Total		\$1,167,300

Table 8-4 provides a summary of Sedona Airport's comprehensive CIP costs, including federal and state eligibility, for the 20-year planning period. **Exhibit 8-1** depicts the location of each CIP project by phase.

All projects, with the exception of the hangar development and terminal expansion projects are eligible for federal and state funding assistance at 91.06 and 4.47 percent, respectively, of the total project cost. The local match represents the remaining 4.47 percent of the project cost that the airport owner/sponsor bears plus the total cost of the hangar and terminal projects ineligible for federal and state funding. It should be noted that the terminal expansion project could be eligible for a state grant upon ADOT-Aeronautics review. Such funding is available on a case-by-case review.

LEGEND

PHASE		
1	I	(1997-2002)
2	II	(2003-2007)
3	III	(2008-2017)
4	BEYOND 20-YEAR PLANNING PERIOD	

NOTE

LAND ACQUISITION OF 11.2 ACRES.
YAVAPAI COUNTY IS CURRENTLY WORKING
WITH THE AFFECTED PARTIES TO
RESOLVE THE ISSUE.

PROPERTY LINE

SEE NOTE

FENCE LINE

SKY RANCH LODGE

ARFF & AIRPORT OPERATIONS

MASONIC LODGE

WASH RACK & OIL DISPOSAL

AIRPORT SUPPORT

ULTIMATE TAXIWAY A

EXISTING 5,130' x 75' RUNWAY

N 57° 26' 00" E

SEDONA
AIRPORT

SEDONA, ARIZONA

CAPITAL IMPROVEMENT PROJECTS
PHASING

SCALE	JOB NO.	DATE	EXHIBIT
1"=350'	81442608	6/99	8-1



Stantec Consulting Inc.
7770 Pointe Parkway W, Suite 280
Phoenix, Arizona 85044 USA
Phone: (602) 438-2200 Fax: (602) 431-6562

Summary of Capital Improvement Program by Phase and Eligibility

Table 8-4

Phase	Total Costs by Phase	FAA Eligible	State Eligible	Local Match
I	\$2,052,500	\$1,573,062	\$77,219	\$402,219
II	\$1,344,900	\$1,078,697	\$52,952	\$213,252
III	\$1,167,300	\$273,180	\$13,410	\$880,710
TOTAL	\$4,564,700	\$2,924,938	\$143,581	\$1,496,181

8.2.4 Contingency Improvements

Phase II and III make provision for various forms of safety and security improvements and equipment. It is difficult at this time to predict whether the scope or timing of these improvements is accurate given that safety and security enhancements are generally driven by FAA regulatory actions. Nevertheless, the trend in this area is toward increased regulations and stronger requirements. Other items may be necessary.

No provisions have been made during this Master Plan program of capital improvements to accommodate commercial air service at Sedona Airport. The economic feasibility of scheduled air service is a matter for the local community to determine and market. Necessary adaptations to safety, security and terminal areas to support the regulations governing commercial service are directly related to the point of destination of this service. Operations of scheduled service could be subject to future FAA Part 121, 107 and 108 air carrier and airport security regulations as well as requirements for full or limited Part 139 airport rescue and fire fighting equipment, as previously discussed in Chapter 4.

Although the cost of implementing a standalone Global Positioning System (GPS) approach has not been included in the airport's capital improvement program, the Aeronautics Division of the Arizona Department of Transportation has stated that they are in full support of a future GPS at the Sedona Airport. This is contrary to the State Navigational Aids and Special Aviation Services Study findings which suggested that the cost of implementing a GPS approach at Sedona outweighs the benefit and is, thus, not recommended.

8.3 FUNDING SOURCES AND METHODS

The implementation of the CIP requires an identification of all available funding sources. These funding sources may be broadly categorized as federal, state and local. The following sections contain explanations for each of these categories.

8.3.1 Federal Aviation Administration Funds

Since 1946, with the first federal funding program known as the Federal Airport Act, federal assistance to airports has played an important role in the development and upgrading of the national airport system. The Airport Improvement Program (AIP) came out of earlier funding mechanisms in 1970 and insured that user fees would be dedicated to projects directly benefiting those users through the creation of the Airport and Airway Trust Fund.

The Airport and Airway Trust Fund accumulates revenues from taxes on domestic and international airline tickets, domestic air cargo, aircraft tires and non commercial aviation fuel. The United States Congress prepares a budget for the outflows from this fund as part of the annual Federal Budget negotiations. A portion of the Trust Fund also supports specific operations of the Federal Aviation Administration.

In 1992, appropriations from the Trust Fund peaked at \$2.264 billion and have since declined to a low of \$1.372 billion in 1996. Responding to concerns within the aviation community, AIP appropriations were increased to \$1.46 billion in 1997 and \$1.7 billion in 1998. For fiscal year 1999 the appropriation of \$1.95 billion has been authorized with only half of the amount to be available until March 31, 1999.

During the time period this Airport Master Plan has been developed, various legislative proposals have been put forth to enhance the amount of accumulated aviation taxes to be spent on aviation and airport projects. Congress has also considered separating the Aviation Trust Fund from the United States unified budget process thereby guaranteeing an accounting of actual funds accumulated. The most aggressive program proposed thus far is House Resolution 100 known as Aviation Investment and Reform Act (AIR-21). The funding of the Capital Improvement Program within this Master Plan Update is predicated on a multi-year reauthorization bill passed by the Congress with a continued distribution of airport improvement funds along the same formula as in the past.

Entitlement Funds

For those airports with scheduled commercial passenger services, federal fund appropriations from the Airport and Airway Trust Fund have been based on a legislated apportionment formula relative to the number of enplaned passengers and state population. Enplaning passengers are the paid passengers departing an airport on commercial scheduled aircraft as reported by the airline to the FAA. These funds are often referred to as "Entitlements" and are traditionally used as a source of federal funds for CIP grants for commercial service airports. Sedona Airport is not eligible for an appropriation from this funding source until and unless scheduled air carrier service is reinstated and enplanements reach 10,000 annually. Sedona reached a total of 6,800 passengers in 1987, and did not exceed 3,700 in the early 1990's. Further, the draft 1998 Arizona Air Service Study identified approximately 6,300 potential enplanements for the Sedona market area for the current time frame. Development of scheduled air service has been identified as a priority for Sedona Airport by the Airport Administration and the surrounding communities and tourism promotion entities.

Discretionary Funds

Federal discretionary funds are monies from the Aviation Trust Fund that may be used at any eligible airport. Discretionary allocations are a function of project need and priorities according to the FAA priority rating system and as weighed against other projects. The 1996 reauthorization of the Trust Fund revised the distribution formulas to "set aside" a greater portion of discretionary funds for special projects and noise mitigation. Further refinements to Trust Fund allocations are likely to result from congressional debate.

Assuming a multi-year appropriation beginning in 1999, an extended Reauthorization of AIP funding and distribution criteria is certainly in the best interest of Sedona's planning purposes.

8.3.2 State Aviation Fund Arizona Department of Transportation, Aeronautics Division Funds

Matching Funds

State aviation revenues generated from collection of aviation flight property taxes are available to match both appropriated federal funds and local funds budgeted for capital projects. The revenues from this source increase in lockstep with the increase in commercial air carrier and air cargo activity at Arizona's airports.

In 1995, the State legislature diverted one half of this revenue source for general fund purposes. Arizona's aviation community is actively involved in educating the various members of Arizona's House and Senate to gather support to return all aviation flight property taxes to the State Aviation Funds. If successful, this fund could grow from \$23 million annual dollars to \$46 million. The FY 2000 fund allocation could also increase by a lesser amount if legislation is passed to phase in the redistribution of all tax revenues to the Arizona Aviation Fund.

The current distribution formula of the State Aviation Fund is based at 80 percent to commercial service / reliever airports with the remaining 20 percent going to all other primary airports. On a federal aid project, the state traditionally contributes 4.47 percent of the federal share.

Some local projects can be prioritized for 90 percent state funding to match local funds. The CIP Phases include calculations for allocation of state/local match requirements. These projects may benefit the airport but have a low federal funding priority or are ineligible for federal funds.

Loan Program

Arizona Aeronautics Division also administers project loans from a fund that is available to Arizona's system airports. Loan applications are prioritized separately from airport development projects. Funds for the loan program are generated from unobligated balances in the state fund. The amount available for a loan is variable and ranges from three to five million annually.

There are no specific limitations on the various project submitted by an airport for consideration for a loan. However, all projects must be compatible with the Airport Master Plan and included in the ADOT 5-year Airport Development Program. Each project is evaluated on a case by case basis. Issues for review are the potential for payback, other sources of funds, and local contribution. Loan applications are processed through a loan committee made up of Aeronautics Division and DOT Finance staff members. Interests rates are equal to other DOT funds as determined by the Finance Division.

8.3.3 Local Funds

Sedona Airport Administration is established under the Authority of Arizona Revised Statutes, Title 2, Section 2-3111 as a non-profit corporation. As such the SAA is not funded by surrounding cities and towns. However, according to the master lease between the County of Yavapai, owner of the airport, and the Sedona Airport Administration, as lessee, certain capital responsibilities rest with the County. Historically, The County has not contributed funds for operations, maintenance or capital improvements.

8.3.4 Bond Funds

Sedona Airport Administration has previously utilized both bonds and notes to purchase leasehold interests and improvements. Existing long and short-term obligations limit the potential for further

loans. As operating revenues are no longer committed to retiring debt service, additional projects may be considered for financing using new bonds or short-term notes.

8.3.5 Private Investment

Projects designed and constructed by the private sector for profit represent another possible source for development funding. Such projects can involve substantial private commitments and result in significant contributions of facilities and amenities to meet the future needs of the users.

Potential projects funded through private resources include helicopter terminal areas, additional general aviation hangars, and fixed base operator (FBO) facilities with maintenance shop.

8.3.6 Operating Revenues

In October 1956, the Secretary of Agriculture executed a deed of Transfer for 230 acres to the County of Yavapai. The Deed covenants are in keeping with Section 16 of the Federal Airport Act of 1946.

Sedona Airport Administration has operated the airport since 1971 under a Master Lease with Yavapai County. In the original lease, the County transferred all but 9.887 acres (Masonic Lodge leasehold) that had previously been leased on December 10, 1969. The County also maintained right to use one acre of the site to support county law enforcement through the Sheriff's Department. These leaseholds are discussed in the section on Non-aeronautical Revenues.

The Yavapai County Board of Supervisors approved a Lease Supplement on April 27, 1981 to extend the term of the lease 25 years to 2006. Another Lease Supplement was approved in September 1990 to further extend the lease for a term of another 25 years. This lease is current until 2031 subject to all terms and conditions.

Revenues have been sufficient to cover costs, sponsor's contribution to capital projects, and service bond debt. New rates and charges were approved by the Board of Directors and implemented in 1998. Concurrent with this Master Plan, a rates and charges study was conducted to address the rates and fees structure for the 1999-2000 timeframe. The rates and charges study, being prepared for the Sedona Airport Board's review and Yavapai County's approval, was built on the same financial data contained in the Master Plan.

The following is based on information obtained from Sedona Airport Administration records and Audited Financial Statements of Fiscal Years 1997 and 1998.

Non-Aeronautical Revenues

The deed transfer provisions restrict non-aeronautical uses of airport land. Any lease for non-aeronautical purposes should be for a term less than three years, be at fair market value, and subject to review by the Federal Aviation Administration. Based on these conditions, the following leases with Yavapai County and the Sedona Airport Administration are not in compliance with deed covenants.

- Yavapai County's lease with the Masonic Temple for 9.887 acres.
- Sedona Airport Administration lease with the Sky Lodge Motel for 6.22 acres.
- Sedona Airport Administration lease for various communications tower sites.

No revenues from the Masonic Lodge lease or the Yavapai County Sheriff's office lease are included in the operating income stream. All revenues from these leases go directly to Yavapai County. The 9.887 acres of property covered by these leaseholds were excluded from the Master Lease between Sedona

Airport Administration and Yavapai County. Revenues from the lease with the Sky Ranch Lodge are included in the operating income, ending with the lease term in 2006. SAA is in the process of reviewing and renegotiating this lease. Any extension of the lease should comply with the deed restrictions.

Aeronautical Revenues

Land Rental

Land controlled, through the master lease, by the Sedona Airport Administration is leased to owners of private hangars with traditional airport leases. The hangars will revert to airport ownership at the end of the lease terms. Current rates are \$0.044 per square foot/month. The forecast for based aircraft assumes an increase over the twenty-year period generating demand for expanded hangar and aircraft storage development. The timing of this demand is subject to many variables. Revenues from future hangar construction are not included in the land rental revenues. Other land rentals include aircraft tiedowns and vehicle parking.

Hangar Rentals

Sedona Airport Administration owns hangars of various sizes with average current rental values of \$0.212 to \$0.26 per square foot month.

Landing Fees

1998 landing fees are assessed based upon the certificated gross weight and/or wing span. These fees range from \$5.00 per landing for small single engine aircraft through \$0.60 per foot over 49' wingspan equivalent or \$0.60 per 1,000 pounds over 12,500 pounds. This formula is standard within the industry and attempts to assess fees based on the amount of stress on runway and taxiway facilities from the various operations.

Fuel Flowage Fees

Typically fuel flowage fees are part of the lease negotiations with the full-service fixed base operator (FBO) who owns and provides fueling services. With the acquisition of all fueling activity on the Sedona airport, the Sedona Airport Administration is the sole source of fuel on the airport. Fuel flowage fees are charged to others for storing and dispensing fuel. The fee ranges from \$0.10 to \$0.105 per gallon. Revenues from this source are not material. Other revenues from SAA fueling operations are included in the price per gallon. SAA fueling operations made up 55 percent of gross revenues in 1997 (54% in 1998). Revenues in excess of all fueling expenses resulted in an operating loss for 1997 and a loss for 1998 when applicable debt services is allocated.

Percentage of Gross Concession Fees

Airport concessionaires have entered into lease agreements with fees tied to percentage of gross revenues. These fees are in addition to space rental based on counter, front office and storage spaces at various locations.

The restaurant and lounge provide food and entertainment to the local community as well as airport users. Continued successful local operations are critical to the revenue projections. Negotiations for any lease of new and expanded facilities should be based on a percentage of gross for the tenant based on three components: liquor sales, food sales, and catering sales. To counter concerns about seasonality and minimum requirements for hours of operations, the airport may elect to set a minimum monthly rental based on facility square footage applied against the percentage of gross.

Landside Auto Parking and Vehicle Based Business

Airports consider rental cars, ground tour operators and ground transportation providers to provide the necessary links to the air transportation system. Users traditionally pay for business and counter space, plus a fee per vehicle space to maintain the auto parking lots. This revenue source can generate 30

percent or more of commercial airport revenues. At most general aviation facilities, including Sedona, revenues from new rate schedules for ground transportation vehicle and public parking lots have potential to generate new revenues.

Other Fees

Airports also collect user fees from a number of different sources including utilities, occasional space rentals, and transient users such as filming or special events. Heightened public awareness of the airport and its facilities will enhance this revenue source as well.

8.4 CASH FLOW ANALYSIS

Table 8-5 refers to the historic cash flow analysis prepared from audited financial records. The increase in revenues from 1996 through 1998 can be directly traced to a new fee structure approved by the Board of Directors and effective in 1998.

**Sedona Airport Administration
Historic Cash Flow 1996-1998**

Table 8-5

	1996	1997	1998
REVENUES	\$837,103	\$960,291	\$1,031,375
EXPENSES	\$796,003	\$747,607	\$ 760,467
CASH FLOW	\$ 41,100	\$212,684	\$ 270,908

A brief analysis of projected operating cash flow over the planning period is presented in **Table 8-6**. The purpose of the cash flow table is to illustrate the net difference between revenues and expenses over the three phases of the CIP.

20-Year Projected Cash Flow

Table 8-6

	Phase I	Phase II	Phase III
REVENUES	5,992,218	6,334,818	11,107,979
EXPENSES/DEBT	5,374,245	5,048,210	8,249,945
CASH FLOW	\$ 617,973	\$1,286,608	\$2,858,034

This cash flow analysis assumes all revenues are received when due and all expenses are paid when incurred. No provisions are made for non-cash items such as depreciation and amortization.

The 20-year projected cash flow does incorporate bond payments from 1997 through 2006. All existing long-term debt is scheduled to be retired by 2006. The termination of Sky Ranch Lodge Lease has significant negative cash impacts beginning in 2006.

Over the 20 years of the CIP, revenues are programmed to increase in conjunction with forecast increases in operations and based aircraft. Where a significant discrepancy between the two is forecast, a midpoint was taken as the growth percentage. For example, during the period between 2012 and 2017, growth in based aircraft was forecast at 8 percent with growth in operations forecast to increase by 15.8 percent.

The more conservative number of 8 percent was used to estimate revenues based upon the historic trend at general aviation airports. This trend credits based aircraft and their operations with 45 to 50 percent of revenues, not including fuel.

Revenues in Table 8-6 are estimated. Expenses are extrapolated with a modest 3 percent periodic increase every five years. Expense programming does not consider extraordinary changes in personnel, overhead, or operating fuel prices.

As shown in **Table 8-7**, Sedona Airport Administration has sufficient cash flow after debt service to adequately meet their local match for CIP projects. After 2006, with the maturity of all existing debt, and at growth in revenues at a ratio commensurate with the forecast of aircraft and operations, the airport will experience substantial cash to assist with funding projects. If hangar development is funded privately, there are revenues available to fund additional projects, purchase assets such as those on non-aeronautical leases or upgrade equipment and property. Other considerations for cash flow in excess of expenses are to reduce costs of services to market the facilities. Sedona Airport administration, in concert with local communities, may elect to sponsor or subsidize local scheduled or on-demand air service of some type.

Table 8-7 illustrates the SAA's estimated cash reserves and debt service for each of the CIP phased 1998-2018. With federal participation as shown in the upper chart, sufficient cash balances remain after local match is met to do additional projects.

The lower portion of the table illustrates the greater cash need after expenses and debt service to meet the local match if projects receive only state funding. Both portions of the table assume all local funding of certain projects (i.e. hangars, terminal building).

Local Ability to Fund CIP

Table 8-7

Phase	Cash Flow	Local CIP Share w/ Federal and State Eligible Funding ¹	Cash Balance
I	617,973	402,219	215,754
II	1,286,608	213,252	1,073,356
III	2,858,034	880,710	1,977,324
Total	\$ 4,762,615	\$ 1,496,181	\$ 3,266,434
Phase	Cash Flow	Local CIP Share with State Eligible Funding Only ²	Cash Balance
I	617,973	497,750	120,223
II	1,286,608	278,760	1,007,848
III	2,858,034	897,300	1,960,734
Total	\$ 4,762,615	\$ 1,673,810	\$ 3,088,805

¹ Represents Sponsor's Share (4.47%) of CIP if Federal (91.06%) and State (4.47%) funding is provided (hangar and terminal projects are ineligible for Federal/State funding).

² Represents Sponsor's Share (10%) of CIP if State (90%) funding only is provided (hangar and terminal projects are typically ineligible for State funding).

It is important to note that the majority of these project costs anticipate Federal and/or State aviation funds. In the unlikely event that such funds are not available, especially during the first strategic five years of the planning period, projects may be cancelled or be reprogrammed for a later date.

8.5 SUMMARY

This financial plan suggests the strategy that the Sedona Airport could use to maximize its funding opportunities for the implementation of the CIP. The following key points are important.

Significant State and FAA funding is required to complete the improvements within the planning period. The airport must make every effort to keep these agencies informed of its financial needs.

The Sedona Airport Administration Board of Directors and airport management should continue to maintain close contact with elected officials at all levels. Equally important to the success of this aggressive capital program is the effort to continue enlisting the support and enthusiasm of the local and regional FAA. Airport management should be aware of current funding levels and be prepared to submit grant applications for projects to take advantage of any unexpended funds.

State Aeronautics Commission funds are limited and every effort should be made to ensure the active participation in project programming with the state. County and Airport management should participate, when appropriate, in State Aeronautics planning and allocation formula development, as well as any state or regional air service development.

Cultivating the support of the community and continued marketing to local and regional users will be critical to maintaining growth.

Airport management should initiate an aggressive program to communicate the value of the airport to the community. Those adjacent jurisdictions with no actual financial stake in the airport should be made aware of the economic contribution of aviation and aeronautical business and activity. Airport growth plans should be integrated with ongoing regional tourism and economic development strategies. All airport tenants and uses should be made aware of the nature of the CIP. Support for the various projects and their respective costs will form the basis for negotiations on the revised rates and charges.

Where possible, the airport should undertake at least one or two events annually to draw both existing and potential users to the facility. Organizations such as the 99s and AOPA have sample programs to tailor to Sedona's unique situation.